



Facts about Potential Cuts to Local Government Aid

- If Governor Pawlenty gets his budget passed, our early calculations suggest that the city of Minneapolis would see cuts of more than \$80 million in Local Government Aid over the next two years. **Governor Pawlenty is proposing a permanent cut to Minneapolis Local Government Aid by 47%.**
- The Governor says his proposed cut is only 5% of the City's total pool of money. But the cut isn't 5% of the money Minneapolis can actually use to pay for our Police Officers and Firefighters. It's a 20% permanent budget cut (It's actually closer to 10% of that budget in the first year and 20% in the second year and ongoing).

The Governor gets the "five percent cut" figure by including \$230 million in statutorily restricted funds. That's not legal and it's not possible. Here are just a few examples of the types of dollars the Governor is suggesting we could rely on to protect our Public Safety funding:

- Sales taxes. State law requires that those funds can only go toward the Minneapolis Convention Center;
- Pension obligations for our retired employees. That includes "pass through" money for our Police and Fire Relief and Minneapolis' direct pension costs for retired employees.
- Federal and State grants. This includes such things as Community Development Block Grants, Empowerment Zone funds, and Health grants, all of which cannot be used for other purposes.
- Convention Center revenue. These revenues revert back to keep the state's world-class Convention Center operating.
- We have our financial house in order. We have a 5-year plan in place to address any potential cuts. We've reformed the City budget process over the past year. Our 5-year financial plan includes \$55 million in cuts.
- For perspective, if Minneapolis closed every single library this year, and every single park next year (Minnehaha Falls, Lake Calhoun, the Mississippi River Park, Lake Harriet, Minnehaha Creek, etc.), it still wouldn't solve the \$80 million in budget cuts proposed by Pawlenty. [FYI, there are 14 million visits to Minneapolis parks every year.]